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national farmers union

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Statement

to the

Conference

on


Western Economic Opportunities

*Canada & Conferences*

Calgary, Alberta

July 24, 25, 26, 1973





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Calgary, Alberta,

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INTRODUCTION

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2. It is perhaps important that the federal government feels the need for holding a Conference such as this. There are those who have referred to this Conference as endeavoring to uncover the causes of "western alienation", which has been measured by some to be in direct proportion to the number of members of parliament who are elected to the opposition benches in the House of Commons.
3. It is our belief that if this historic Conference is to be genuinely useful to the people of Western Canada, it must transcend the narrower concepts of partisan politics. The adversary approach, prevalent in Canadian political democracy, if permitted to dominate at this Conference, will only serve to obscure the genuine concerns of western Canadians and consequently submerge the objectivity needed to frame solutions.
4. The National Farmers Union has established a goal of uniting farmers across Canada into one organization, not simply for the sake of unity but for unity of purpose. We know of the difficulties this presents. The problems of overcoming parochial considerations prevail among farmers as they do between provinces and the

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Statement

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## INTRODUCTION

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4. The National Farmers Union has established a goal of national farmers action Canada into one organization, not simply for the sake of unity but for unity of purpose. We know of the difficulties this presents. The problems of overcoming sectional considerations prevail among farmers as they do between provinces and the

federal government. However, it is our view that if we are to have a strong farm community in this country, based on the family farm structure, it can only be achieved through a genuine mutual concern, understanding and support of all farmers for the welfare of each other as well as gaining an understanding of the non-farm community, the nature of its economic structure and relationship to the world.

5. Therefore, in addressing ourselves to western problems on this occasion, we are conscious of the needs and aspirations of farmers elsewhere in Canada, for the west and western farmers do not have exclusive claim to problems. The common desire of farmers in Canada is to earn a living from farming and to maintain a rural society. In attaining these goals it becomes possible to raise the quality of life and extend intellectual and cultural development for all Canadians.

6. Nonetheless it is a fact of life that Canada, because of its vast area and intermittent settlement and development patterns has developed within itself distinctive regional identities. "The West", nominally including the prairie provinces and British Columbia shares an identity as a region while the northern territories have emerged as Canada's newest and last frontier.

7. Policy decisions related to the future of these areas have and are in large measure made elsewhere. Unfortunately the responsibility of such decision-making often rests with government bureaucrats or corporate managers who are insensitive to the needs of people or the welfare of the area. When major decisions which affect the livelihood of people within a region are primarily predicated on exploitive economic motives to enhance the wealth of principals outside the areas, there is bound to develop within the affected regions a latent and sometimes open hostility toward such absentee and insensitive power groups.



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Therefore, in addressing ourselves to western problems on this occasion, we are conscious of the needs and aspirations of farmers elsewhere in Canada for the west and western farmers do not have exclusive claim to problems. The common basis of farmers in Canada is to earn a living from farming and to maintain a rural society. In this regard it becomes possible to raise the quality of life and extend traditional and cultural development for all Canadians.

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Policy decisions related to the future of these areas must and are in large measure made elsewhere. Undoubtedly the responsibility of some decision-making often rests with government departments or corporate managers who are insensitive to the needs of people in the regions. When major decisions which affect the livelihood of people within a region are ultimately predicated on objectives economic motives to enhance the wealth of individuals outside the areas, there is bound to develop within the affected regions a sense of alienation and sometimes open hostility towards such decisions and insensitive government policy.



8. This situation can be corrected if national policy is so designed as to provide for balanced regional development and growth on a decentralized basis.

#### AGRICULTURE AND RURAL LIFE

9. In consideration of the broad topic of "economic opportunities" we would be remiss to isolate the economics of this region from the genuine social and political concerns for the people who make their homes and livelihoods here.

10. The production of food and the industries related to serving the inputs needs of farmers and the processing of the products they produce, constitute the major economic activities of western Canada, notwithstanding the tremendous economic wealth generated through the exploitation of oil, mineral and forestry resources.

11. The Canadian Agricultural Economics Research Council has estimated, through application of input-output analysis, that in 1971 the estimated importance of the agriculture and food system in the prairie region was 65% of its GNP and 22% in British Columbia. Nationally it accounted for 42% of total GNP.

12. Unfortunately it is a fact that the rising productivity of farmers as contribution to the nation's total GNP is more frequently functional to the needs of industry than it is in stabilizing our rural communities and the economic future of farmers.

13. The exploitive nature of the economic system and the increasing application of technology has forced spiralling economies of scale upon farmers. It is difficult and dangerous to generalize about the causes for the dramatic decline in farm population in the west over the past quarter century. Even so, it is pertinent to recall, in a general sense, some of the circumstances with which farmers across Canada have been required to contend in their struggle for economic survival.

14. These include:

- a) Rising costs of production contributed to by an administrative pricing





structure capable of extracting higher input prices from farmers as circumstances warrant and opportunities develop;

b) Unstable prices for farm production resulting from an imperfect market system which is incapable of reflecting any relationship to the farmer's real costs and a general desire on the part of governments to have abundant supplies of cheap food at the farm gate level, since surpluses are functional to profits;

c) The growth of technology in farming which demands greater economies of scale through substituting capital for labor, resulting in lower margins of return per unit of production, but which do not necessarily mean lower per unit cost;

d) Public credit policies which have encouraged the expansion in scale of production units and in so doing have inflated land prices and and distorted costs;

e) Continued encouragement to farmers through information from public agencies to pursue greater productivity, often in the absence of stable market prospects;

f) Absence of priority and discrimination in public policies in meeting social legislative needs of farmers, such as unemployment insurance, workmen's compensation, pension plans and rural housing, thereby creating a climate forcing off-farm movement and employment in industry;

g) Absence in public policy of any motivation toward halting the rural-urban drift of young farm people by providing appropriate land transfer arrangements and credit programs.





15. All of these factors have contributed in a very real and major sense to the changing patterns of rural life and rural communities in the past quarter century.

16. As the rural-urban shift became a reality, the economic base of smaller rural communities eroded. Greater farm mechanization demanded improved services, often located only in larger centres.

17. Rural depopulation created the need for reorganization of the education system, both in terms of expanding the base of the pupil area and improving the ability of the school system to offer a higher quality of education to young people.

18. The massive consolidation of educational facilities has frequently been accompanied by a shift of social living patterns as well.

19. In order to meet the demands for the educational and service needs of a declining farm population, roads have been designed which have made it possible to swiftly travel greater distances from rural to urban centres on a year-round basis. Thus, the farmer's greater mobility takes him ever further afield from his home to pursue his business and personal interests and to overcome the neighborless isolation that is increasingly characterizing rural life in the west.

20. Farmers are asking where and when it will end. How much larger and more productive do they need to become before they can be assured of stability and a future? What economic size of farm can be considered viable and stable? Who will follow them in the next generation to take over the farms they have struggled to develop?

21. The federal government and some provincial governments have replied, through the Small Farms Adjustment Program, that there are still too many farmers on the land. They are prepared to assist the removal of farmers but are not prepared to effectively assist in the establishment of new farm units.





22. Within-family transfers remain the only functional means available to young farmers to become established in farming. This frequently means the person in question is faced from the outset of his new farming career with the burden of capitalizing a farm that has already been paid for out of past production.

He assumes a new and overwhelming risk.

23. It is a tenuous approach to the future.

24. What are the economic opportunities?

25. The spectre of the Report of the Task Force on Agriculture lurks in the background. Its prediction that 2/3 of farms in Canada will be eliminated by 1990 at the present rate of attrition has not been effectively challenged by any level of government.

26. The attitude of national policy toward rural life has been limited to paying lip-service to the ideals of fresh air living and the independence in decision-making of the farm operator. These qualities of rural life, no matter how virtuous, are , however, being eroded and arbitrarily sacrificed to the pressure of technology and the continuous emphasis on expanding production to meet rising costs and the growing demand for food to meet national economic objectives of expanding the food processing and related industries.

27. Once locked into this economic rat race, more and more of the farmers' productivity is drained off to pay for the inflationary costs of more sophisticated machinery and inputs, a disproportionate share of taxes to pay for costs of educational facilities that are more remote from his home, and a rate of inflation on interest rates that far outstrips any short-term price advantage he may from time to time experience in the market place.

28. In short, his rising productivity is more functional toward permitting the





industrial, agri-business sector to extract greater profits than it is toward allowing him to earn a comparable return on his investment, management and labor. The farm share of the retail dollar has declined from 60¢ in 1949 to 37¢ in 1971.

29. The future economic opportunities in western Canada are clearly more favorable to the agri-business sector at this time than they are to farmers.

30. We believe you will agree that farmers in general have not been in a position to contribute materially to the severe inflationary pressures evident across Canada. It is a recognized fact that the nature of most farm marketing does not permit a guaranteed return on productivity through the imposition of an administered price as is common among other production industries. Farmers are prone to economic forces beyond their ability to control.

31. Consequently farmers are concerned and bewildered by the seemingly contradictory economic policies of government followed from time to time which bear so heavily on the economic fortunes of farmers.

32. In February, 1970, a national Conference on Price Stability was called to stem inflation by cutting back on credit borrowings through high interest rates and establishing guidelines for wage and price increases. High unemployment was the trade-off for this policy. Interest rates on government-guaranteed farm bank loans were not at a level at which banks would readily lend. Some government credit programs have been for all intents and purposes rendered inoperative.

33. Inflation on administered priced goods nonetheless continued through 1971 and 1972, although many farm prices suffered wide price fluctuations.

34. By March, 1973, an easier credit policy and tax cuts were introduced to stimulate the economy and create more job opportunities. Inflation is again running rampant and farm costs of production are exceeding the income-earning



capacity of many farms.

35. Credit is now being again rationed in a way that allows those sectors of the economy that generate excess profits through administered prices and market sharing to run wild, thereby increasing inflationary pressures and victimizing those in society who must depend upon the use of credit. The results mean the threat of depression and bankruptcy force farmers to greater productivity without just reward.

36. It raises the serious question of whether or not Canada is really in charge of its own economic destiny. If it is not, then the people need to be told who is really pulling the strings in order that a change in direction, if that is still possible, can be contemplated.

37. Economic policies linked with social goals to maintain the farm family as the mainstay of food production in western Canada are needed if rural life is to have a viable future. Failing such policies, the capital needs of viable farm units will continue to escalate in future to such proportions that transfer to future generations of farmers will become economically impractical. Industrial corporate domination and control can logically follow.

38. If such is not to be the option governments choose, policies must include:

- a) Farm programs which will enable the establishment of new farm units through a combination of policies which give priority to providing security of tenure, low-cost, long-term credit, diversification of production and stability of prices.
- b) A federal-provincial rural housing program which will make rural living more attractive.
- c) Reduction of the tax burden on farm lands for the costs of





education through greater federal contributions to the provinces to compensate this area of cost.

d) National orderly marketing institutions which are outward-looking and permit expansion of food production without risk of price depression and enable a high degree of primary and secondary processing where appropriate in the areas of production prior to outward movement.

e) A roll-back in interest rates on capital and operating borrowings with legislated rate control to the farm users of credit.

f) Legislation prohibiting the integration and control of vital areas of food production by multi-national corporations.

39. As the rural-urban shift continues, one cannot be unmindful of the waning rural representation in the House of Commons and provincial legislatures.

40. Farmers await the shock waves which will hit rural ridings when the next federal constituency redistribution takes place, possibly following the next federal election.

41. The programs of political parties tend to cater increasingly to the urban masses and the problems of urban industrial life. The needs of rural voters appear to become expendable in the wake of policies which endeavor to meet urban demands to combat high food costs. Cheap and abundant food at the farm gate is functional to expanding the industrialization of farm production to create jobs for the nation's growing labor force, expand the profit opportunities for the farm processing and service industries, boost export trade to assist the balance of payments and contribute in greater measure to the Gross National Product.

42. The rural areas of the west as elsewhere in Canada have increasingly been treated as a hinterland for mass raw resource production.





## TRANSPORTATION

43. Transportation is vital to the development of western economic opportunities and is essential to the movement of goods into the region and farm products from farms to markets both within the country and in export.

44. There can be no question that at the present time the bulk movement of grain can only feasibly be accomplished by rail.

45. Central to the entire question of rail transportation in the prairie region of western Canada lies the future plans of the federal government in respect to branch line abandonment and the Crows Nest Pass rates on export shipments of grain.

46. Farmers recognize and appreciate the benefits of the Crows Nest Pass freight rate structure on export grain. They resent the perpetual harrassment they are required to endure from the vested interest groups as exemplified by the CPR which is continually pressuring governments to lay bare the opportunity for further economic plunder.

47. The railroads in western Canada were constructed as part of national economic policy, as instruments of national development. Large grain producing areas are serviced by the two main railroad systems on a monopoly basis. Grain producers are captive users of the railway system.

48. If the federal and provincial governments accept the premise that railroads are instruments of national economic development, then you must reject out of hand the arguments the railway companies advance from time to time to the effect that every service rendered must return a profit to the providers of the service or that every branch line must be regarded as a profitable entity.

49. The railway companies have never successfully proven to our satisfaction that they have lost money on Crows Nest Pass rates. The 1951 Report of the Royal Commission on Transportation refers to a one-year study (1948) on the supposed



losses the CPR experienced from Crows Nest Pass rates. The results were indefinite and the CPR reported them to be "somewhere between \$13,769,000 and \$16,947,000" -- after completing a study which the company said took 10,000 man-hours (4 man-years).

50. The counsel for the Prairie Provinces at that time requested the right from the Commission to examine the company's evidence and to make a study of their own, covering not only one year but a much longer period. The Commission arbitrarily ruled against such further investigation supposedly because of the length of time and expense which would be involved.

51. Today the future of Crows Nest Pass rates on export grain is again being challenged. They are the last remaining vestige of an agreement signed by the CPR to provide low freight rates on a large host of items "in perpetuity". There are those who take the position that a trade-off of Crows Nest Pass Rates in exchange for a less exploitive freight rate structure for the western provinces on industrial and manufactured goods would be a reasonable compromise. This kind of trade-off would be neither in the best interests of the nation, the West or any of its farmers or working people. While there can be no question that freight rates on many goods shipped to the west are extremely discriminatory, there is no evidence to support the belief that this is due to the existence of Crow rates. We would strenuously oppose such a move on the following grounds:

a) The railway companies who also own major trucking facilities currently have a virtual monopoly in servicing much of western Canada. The exploitive freight rates now charged on industrial goods shipped from eastern Canada to the west or even from point to point within the west effectively exposes the railway companies' philosophy toward the freight rate structure in the west as being to





extract all the traffic will bear. Current freight rates contribute toward retarding and destroying regional growth. If similar opportunities were provided in setting rates on export grain, further disparities would result.

b) Any reductions on freight rates which might occur on industrial goods as the supposed result of abrogation of Crows Nest Pass rates would be indirect while the loss of Crow rates would be direct and immediate to farmers. Rate reductions on industrial goods are unquestionably justified without tampering with Crow rates. However, such reductions alone provide no guarantee that they will be passed on to the end consumer and reflected in lower prices unless their impact is closely managed. Unless this were done, they would simply provide an opportunity for expanded profiteering on the part of the business community on the grounds that consumers are already conditioned to existing price levels for goods.

c) Western farmers would be heavy net losers in such a trade-off and would bear the entire cost burden of higher grain freight rates. To this extent, the livelihood of 170,000 farmers would be affected from a reduction in net income.

d) A substantial reduction in the freight rates on industrial and other goods shipped from east to west and vice versa could be achieved in other ways. For example, the federal government might assume total railway costs across the "bridge" of northern Ontario which would reduce the effective distance on freight cost assessment by 1000 miles.

e) The annual export of Canadian grain is approaching 1 billion bushels. An average freight rate increase of only 10¢ per bushel on this volume of grain would annually cost prairie grain producers \$100,000,000. When one considers rates on comparable distances for grain haul on the U.S. rail system, one can anticipate the increases here would average much higher than 10¢ per bushel.





52. The credibility of the rail companies' claims on supposed losses on Crows Nest Pass Rates can be evaluated in another way as well. The profits of the CPR in 1972, a record year in grain movement, increased from its railway sources from \$38.6 million in 1971 to \$44.7 million. The CNR in 1972 had profits of \$48.3 million, its best operating year since 1956. If railway companies lose money on grain movement they should have experienced sizeable operating deficits in 1972. This did, however, not occur and suggests that a buoyant farm economy has beneficial side effects which should not be overlooked when evaluating export grain rates.

53. The revenues of railway companies from grain movement must therefore be also related to the revenue they earn in transporting goods used by farmers such as farm equipment, petroleum, lumber, etc., and other economic activity which flows from food production.

54. Nor can we overlook capital worth and revenues accruing to the CPR from vast land and mineral concessions received by it from the federal government under the original 1897 Agreement. There has never been any suggestion made by the CPR that they are prepared to return these concessions to the Crown.

55. It is our view that the present pattern of grain movements on the western rail system leaves a great deal of room for improvement. The shortest distance from the country delivery point to the eventual port of destination is frequently not used. Rather grain is often moved a great distance further than necessary simply to achieve its movement strictly on each rail company's respective rail line. This applies to industrial goods as well.

56. Such redundant movement can hardly be used to evaluate the insufficiency of Crows Nest Pass Rates. It does, however, suggest the need for integrating both the CPR and CNR under common management in order that this type of ridiculous



and costly charade of competition between the two rail lines can once and for all be unmasked.

57. The criterion for the provision of rail services to a community should be one of need, not the profits or lack of profits accruing to a particular branch line.

58. While we have principally confined our remarks to the role of railways in transportation and the need for greater management in reducing their operating costs in the provision of services, we cannot be unmindful of the need to apply management and planning to transportation in general.

59. Transportation represents a vital service in regional economic development and expansion. Greater co-ordination and planning in the provision of such essential services must take into account the respective contributions that can be made by other modes of transportation as well, including trucks, shipping, air transport and pipelines. All should be evaluated on the basis of providing the highest degree of service at the least amount of cost.

60. The illusion of free enterprise competition providing this kind of service must be once and for all dispelled. While there may be an element of support for this belief in Central Canada, it is unquestionably accomplished at the expense of regions where such competition is not practical or possible. Therefore if we are to be a nation where equality of economic opportunity between the regions is to be the important criterion, it can only be achieved through development of an inter-related and integrated comprehensive transportation policy.

#### GRAIN HANDLING

61. An integral part of the branch line abandonment problem is the question of rationalization of the prairie grain handling system.





62. Rationalization of the elevator system has already come about to a large degree as a result of trade-offs of facilities between various companies as well as mergers of the companies themselves. This has resulted in a largely increased number of single company delivery points throughout the Canadian Wheat Board designated area.

63. The National Farmers Union supports the general direction toward consolidation of the grain handling system and believes the eventual goal must be to achieve the establishment of a least-cost, single-management grain handling and storage service to farmers.

64. The emergence over the years of the country elevator system as being one functional to grain storage rather than grain handling has never been welcomed by our organization. It is our view that on-farm storage is the preferable way of storing excess grain inventory. Regretfully, while the Temporary Wheat Reserves Act as a policy for income maintenance saved farmers a great deal of money in costs for grain stored in commercial positions, it also encouraged the development of excessive commercial storage facilities which now form part of the problem of rationalizing the prairie grain handling system.

65. An important cost factor consideration to farmers in proposals to abandon total branch rail lines is that the cost of grain delivery to another rail line creates a very real and substantial cost burden to that segment of farmers whose delivery points have been displaced by abandonment.

66. This cost will be immediate and direct. It will demand larger trucks for movement and in turn a higher quality construction for rural roads. The additional cost burden for better roads will be assumed in part by all farmers through higher property taxes and place greater cost burdens on provinces as well.



67. The direction of rail and grain handling rationalization problems are matters of real concern to farmers. Rationalization of these facilities will, and in many instances must take place, but the degree of rationalization must not be permitted to result in burdensome transfers of costs to farmers from grain delivery over much greater distances or from higher freight costs which would result from loss of Crows Nest Pass rates.

### ORDERLY MARKETING

68. We would be remiss if we did not at this time express the extreme concern of farmers over the future status of the Canadian Wheat Board in the orderly marketing of grain.

69. Various speculative pronouncements from Ottawa sources and evasive and vague statements from certain ministers of the federal government indicate that responsibility for the marketing of grains used for feed in eastern Canada may soon be removed from Board jurisdiction.

70. This unthinkable action would, we understand, be taken in response to pressures from the U.S.-dominated vested interest groups in the Canadian feed manufacturing industry, the private grain trade as exemplified by most members of the Canada Grains Council, the Winnipeg Grain Exchange and the Montreal Corn Exchange as well as certain eastern Canadian producer users of feed grain.

71. Of all these vested interest groups, only the farmer users of feed grain in eastern Canada have had a legitimate complaint in pointing out the disparities of feed grain prices paid by feed mills and feed lots in western Canada as compared with the prices they have paid. The industrial vested interest groups are hiding behind the complaints of disparity in treatment eastern users have voiced and are promoting these grievances as a means toward attaining their own profiteering ends





to further exploit both producers and users of feed grains in western Canada as well as eastern users.

72. In this sinister circus of political bamboozling the Canadian Wheat Board is falsely accused of exploitation when in fact it has only performed its function of marketing the western farmers' grain to best advantage, as it is charged to do by federal law under policies laid down by the federal government.

73. The complaint of eastern feed grain users is directly related to the regressive action of the 1961 order of the federal government, upon the recommendation of the then Minister of Agriculture, the Honourable Alvin Hamilton, which removed prairie feed mills from the management jurisdiction of the Canadian Wheat Board.

74. If the federal government now approves the removal of all domestic feed grain marketing from the total management jurisdiction of the Canadian Wheat Board it will have effectively scuttled the ability of the Board to market to the best advantage of grain producers not only grain on the domestic market but on the export market as well. The government will have totally repudiated its policy of orderly marketing, notwithstanding its protestations that the opposite is in fact the case.

75. It is important to remind all participants to this Conference that the costs for operation of the Canadian Wheat Board are borne by farmers out of the proceeds of returns the Board receives from the marketing of farmers' grain. To this extent the Board's prime function and responsibility must of necessity be to maximize returns on the sale of grain to the producers of grain.

76. Great stress has been laid on the need to expand export trade in grain by the present federal government. This requires a high degree of sophistication in market control of the total product in delivery, pricing and movement if this task is to be effectively fulfilled.



77. An optional system of marketing which would place the onus on farmers to deliver grain at the initial price for Board account or accept an outright domestic price at an amount somewhat higher when delivering to country elevators is simply unacceptable.

78. First of all, the pooling principle which farmers have long supported will have been emasculated. It is ludicrous beyond description to expect the Canadian Wheat Board would any longer be able to effectively plan forward sales on export contracts under such an optional system of grain delivery. It would not have any guarantee that sufficient supplies would be delivered to its account by producers. Open market purchases on the other hand might exceed domestic demand, placing open market buyers in a position of profiting on possible export needs of the Board.

79. The remnants of orderly marketing will be reduced to the farcical status of 1935. It will be clear proof to grain producers that the federal government condones their exploitation to provide cheap grain to the advantage of the parasitic middlemen, industrial feed grains industry and the exploitive grain exchanges.

80. The issue is not one of free movement or restricted movement between provinces. The Canadian Wheat Board has never restricted the movement of domestic grain under its jurisdiction but has, to the contrary, been in the position to assure eastern users of a steady supply of feed grain. Rather the issue is one of open market pricing as opposed to a system of orderly marketing under Canadian Wheat Board jurisdiction and management.

81. The issue is not one of sacrificing the development of a viable livestock industry to the export of energy feed resources. It is rather the development of a viable livestock industry which recognizes the need for a proper price relationship between the grain inputs and the price levels of secondary livestock products.





- A livestock industry which develops as a result of depressed prices in the grain industry does not benefit either the producers of grain or the producers of livestock.
82. Orderly marketing for grain can be functional to the stable development of both the grain industry and livestock industry.
83. Under a system of open domestic marketing, the western producers and users of feed grain and the farmer users of feed grains in eastern Canada and British Columbia will suffer immeasurable financial damages, through the price manipulation which will have been made possible. The setting for a fully integrated industrialized meat producing industry will have been accomplished as Canada gravitates one notch closer in the relentless drift toward total continentalism and an economic sell-out leading toward further economic integration with the U.S.
84. It would be shocking to the point of disbelief if this type of contemplated sellout of farmers' interests should be condoned by the western provincial governments. Such a dramatic shift in marketing policy would fly in the teeth of the wishes of the vast majority of prairie grain producers and would demonstrate arrogance of monumental proportions.
85. Economic opportunities for the secondary agricultural industry in this country must not be allowed to degenerate to a state of economic opportunism, functional to the wants of a few agri-business interests.
86. The only solution to the problem faced by the users of feed grain in eastern Canada is to restore to Canadian Wheat Board management not only total jurisdiction of feed mills and feed lots in western Canada but extend its powers nationally as a Canadian Grains Board responsible for the total management of all grains produced in Canada and marketed domestically and into export. If the government is not prepared to extend the Board jurisdiction to this extent the least it could do is reinstate its full authority in the designated area.

1. The first step in the process of the scientific method is to make an observation or ask a question.

2. Next, you make a hypothesis, or a prediction, about what you expect to happen.

3. Then, you test your hypothesis by conducting an experiment.

4. After you collect data, you analyze it to see if it supports your hypothesis.

5. Finally, you draw a conclusion based on your analysis.

6. If your hypothesis is supported, you may accept it as a theory.

7. If your hypothesis is not supported, you may reject it or modify it and test it again.

8. The scientific method is a systematic way of investigating the natural world.

9. It helps scientists to understand the world around them and to make predictions about the future.

10. The scientific method is a key part of the scientific process.

11. It is a way of thinking that is based on evidence and logic.

12. The scientific method is a process that is used by scientists to study the natural world.

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27. It is a way of thinking that is based on evidence and logic.

## OPTIONS FOR THE FUTURE

87. Canadians in general are concerned over the future destiny of Canada as a nation. We hope this is a concern shared by the federal government as well as the provinces. This conference would be remiss if it did not consider the fundamental role of foreign ownership and control of our resources and its impact on future economic opportunities. It is a matter particularly relevant to the west because of the vast control and exploitation by foreign corporations of our oil, potash, forest and mining industries.

88. In an article entitled "Canada-U.S. Relations: Options for the Future" by the Honourable Mitchell Sharp, Secretary of State for External Affairs, published in the Autumn 1972 edition of "International Perspectives", the options for Canada are cited as follows:

- "a) Canada can seek to maintain more or less its present relationship with the United States with a minimum of policy adjustments;
- "b) Canada can move deliberately toward closer integration with the United States;
- "c) Canada can pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life and in the process to reduce the present Canadian vulnerability."

89. In considering the first option, namely that of maintaining the status quo with the U.S., it becomes necessary to examine where this policy has taken us. The article itself notes that:

"In the last 20 years the U.S. share of Canadian exports increased from somewhat under 60 per cent to around 70 per cent. On the import side, the U.S. share of foreign portfolio investment and direct investment in Canada rose to some 80 per cent of the total. U.S. ownership and control in both primary and secondary industries in Canada grew rapidly, reaching average levels in 1967 of 45 per cent in manufacturing, 56 per cent in mining, 60 per cent in petroleum and natural gas, with much higher percentages in individual sectors."





90. In reality, what Canada has experienced has been the growing stranglehold of multinational corporations, for as Mr. Sharp's article notes:

"By the late 1960's, nearly 80 per cent of the export and import transactions of U.S. subsidiaries in Canada were with their parent companies and affiliates in the United States."

91. He further states that U.S. private investments abroad result from decisions of individual U.S. corporations, and that in large measure they are financed from reinvested earnings and local borrowing. The U.S. government has only limited means of influencing or controlling such investments.

92. The implications are clear. Allowing the status quo to prevail as outlined in the first option, leads automatically to option two, that of closer integration with the United States.

93. The signs of closer economic integration with the United States are evident from reports emerging relative to forthcoming negotiations on the General Agreement on Tariffs and Trade.

94. The Financial Post of June 9, 1973, in a report by Hyman Solomon indicates that the U.S. contends that Canada erects non-tariff barriers in such ways as freight feed grain subsidies, state trading with Communist countries, retailing alcohol through monopoly provincial outlets, insisting on certain packaging, labelling and marketing regulations for canned food or produce, imposing import bans on certain foods such as margarine or butter and seasonal barriers to agricultural goods.

95. Its approach would be to wide open trade access to our markets irrespective of consequences to Canadian producers. This clearly would be intolerable and unacceptable to western farmers. The U.S. attitude toward Canadian Wheat Board operations, for example, appears to be that this country should return to a law of the jungle system in grain trade apparently favored by the U.S. government.



We sincerely hope that their views on this matter are not reflected in anticipated changes in domestic feed grain policy.

96. It appears clear to us that as a nation which wishes to have a separate economic, cultural and intellectual identity, we can no longer permit multinational corporations to control our economic destiny through their exploitive planning and control for profit of our resources, industry and trade.

97. There is then, in reality, no option, if we value our nationhood. Canada must pursue policies and strategies which will strengthen the Canadian economy and other aspects of its national life in order to reduce our present vulnerability.

98. This issue must transcend in importance and approach all narrow partisan political considerations.

99. The absence of planning and effective control over our national and provincial economies in large measure accounts for the present high rates of inflation and high levels of unemployment often prevalent here. The ability of multinational corporations to manage and control productivity, trade and fix price levels in their own self-interest are relevant factors contributing toward this dilemma.

100. The current so-called energy crisis serves as an excellent example of the manner in which the multi-national corporations are exploiting our resources and people in their own self interest. The development policy for resource exploitation in our northern areas is running rough-shod over the rights of the indigenous people destroying their way of life and culture. Colonialism is not yet dead; it has only shifted its mastery from that of foreign political powers to the foreign economic power of multi-national corporations.

101. A national energy policy which effectively calls to heel the rapacious behavior of the oil industry is long overdue. Effective planning and control of all energy resources including oil, gas and electric power must be a top priority.





102. If this Conference is to emerge and be judged in future as more than another political exercise that has accomplished nothing more than to further contribute toward the growing cynicism of westerners and northerners toward the political process, decisions will need to emerge which will demonstrate resolution toward effective remedial action toward **our genuine grievances** and concerns. Otherwise governments, both federal and provincial, will be judged to be in full league with the economic power groups which have for decades exploited this region of Canada and its people.

### CONCLUSION

103. We appreciate the invitation of the Prime Minister to set forward our views on some of the major issues vital to the interests of western farmers.

104. We assure all participants at this Conference that the concerns we have expressed are genuine and have been forcefully outlined in all sincerity.

105. Canada is a country still waiting to be created. National unity is a goal which we share with all governments whose objective is to create a country. We are certain all can agree that the cause of national unity cannot be enhanced through the pursuit of policies which disadvantage one region over another or one sector of the population to the advantage of another.

106. It is our hope you will find our analysis as we recognize it and our recommendations useful in strengthening the political, economic and social fibre of our country.

All of which is respectfully submitted by

THE NATIONAL FARMERS UNION.













